NWP
382
U58s

39P

41ST C
3d S

STATE

THI

A repo

FEBRUAR

SIR:
the repo
joint res
extent a
depende

HON.
S

SIR:
informat
June 23,
to the st
America
endeavo
allowed
Betwe
jacent to
in the na
intercou
any corr
nection b

41ST CONGRESS, 3d Session. } HOUSE OF REPRESENTATIVES. { EX. DOC. No. 94.

2

STATE OF TRADE WITH BRITISH NORTH AMERICAN PROVINCES.

LETTER

FROM

THE SECRETARY OF THE TREASURY,

TRANSMITTING

A report on the state of trade between the United States and the British North American Possessions.

FEBRUARY 4, 1871.—Referred to the Committee of Ways and Means and ordered to be printed.

TREASURY DEPARTMENT, OFFICE OF THE SECRETARY,
February 3, 1871.

SIR: I transmit for the information of the House of Representatives, the report of J. N. Larned, who was appointed special agent under a joint resolution of Congress approved June 23, 1870, to inquire into the extent and state of the trade between the United States and the several dependencies of Great Britain in North America.

Very respectfully,

GEO. S. BOUTWELL,
Secretary.

HON. JAMES G. BLAINE,
Speaker House of Representatives.

BUFFALO, *January* 28, 1871.

SIR: You intrusted to me, a few months ago, the task of collecting information in compliance with the joint resolution of Congress approved June 23, 1870, which directed that an inquiry should be made relative to the state of trade between the United States and the British North American Possessions. The subject is an important one, and I have endeavored to investigate it with as much thoroughness as the time allowed me would permit.

Between the United States and the British dependencies that lie adjacent to us upon our northern border, the intercourse of trade ought, in the natural order of things, to be as intimate and as extensive as the intercourse that exists within this Union between its States at large and any corresponding group of them. Indeed, the natural intimacy of connection between the provinces of the Dominion of Canada and our own

40446

NWP
382
U58S

Northern, Northwestern, and Eastern States, is such as exists between very few of the geographical sections of the Union. Through more than half the length of the coterminous line of the two territories, the very boundary of political separation is itself a great natural high-road of commercial intercommunication—the most majestic and the most useful of all the grand water-ways of traffic and travel with which nature has furnished the American continent. The lakes on which we border at the north link us with, rather than divide us from, the foreign border on their opposite shores; while the fact that the great river through which their waters escape to the sea diverges, at last, into that neighboring domain, only adds to the closeness of the relationship in which the two countries are placed. The territory of the Canadian peninsula between the lakes is thrust like a wedge into the territory of the United States. Across it lies the short-cut of traffic and travel between our Northwestern and our Eastern States. Geographically, in the natural structure of that energetic zone of the continent which lies between the fortieth and the forty-sixth parallels of latitude, the province of Ontario occupies, with reference to commercial interchanges East and West, what may fairly be described as the key position of the whole. The lower province of Quebec, through which the St. Lawrence passes to the Atlantic, is situated with hardly less advantage, and in some views, which take account of the commercial possibilities of the future, perhaps with even more. On the seaboard there is no natural distinction or partition to be found between the maritime provinces of the Dominion and our New England States. New Brunswick, as has been remarked, is but an extension of the State of Maine along the Bay of Fundy, and Nova Scotia is but a peninsula cleft from the side of New Brunswick. The island provinces that lie north of those, within or beyond the Gulf of St. Lawrence, are a little removed from the same intimacy of geographical and commercial relationship with our own national territory, and yet, to the extent of all the resources they possess, their most natural connection of trade is with the United States. As to the new colonial State into which the British settlements in the Northwest have just been rudely molded, and the older but thinly-populated province of British Columbia, on the Pacific coast, the conditions in which they are placed, relative to this country, may be considered more properly hereafter, perhaps.

THE DOMINION OF CANADA.

The four provinces of Ontario, Quebec, New Brunswick, and Nova Scotia, forming at present the confederation known as the Dominion of Canada, contain a now estimated population of about 4,283,000, divided as follows:

Ontario	2,136,308
Quebec	1,422,546
New Brunswick	327,800
Nova Scotia	396,449
Total	4,283,103

These estimates are based upon a census taken in 1861, ten years ago, and they assume for all the provinces the same rate of increase that was found in the previous decade. It is quite probable that the result of the new census, for which preparation is now being made, will fall

short of this calculation in every province, except, perhaps, Ontario, and four millions, in round numbers, may more safely be set down as the existing population of the Dominion. The two insular provinces, of Newfoundland, (which includes Cape Breton,) and Prince Edward Island, which have thus far refused to enter the confederation, contain populations estimated, respectively, at 110,000 and 99,000.

RESOURCES AND CAPABILITIES.

Here, then, are about four and a quarter millions of people, not only living in the utmost nearness of neighborhood to us, but with such interjections of territory, and such an interlacing of natural communications and connections between their country and ours, that the geographical unity of the two is a more conspicuous fact than their political separation. Their numbers exceed by more than half a million the people of the six New England States, and about equal the numbers in the great State of New York. In the magnitude and value of the industrial and commercial interchanges that are carried on between the New England States and the other parts of this Union, we may find no unfair measure of the kindred commerce that would have existed, under natural circumstances, between those people and ourselves. Such equal conditions, indeed, would undoubtedly have given to the provinces in question a weight in the commerce of the North America continent considerably exceeding the present weight of the New England States. The average capabilities of their soil and climate are not inferior to the capabilities of the six States with which I compare them, while their general resources are greater and more varied. Ontario possesses a fertility with which no part of New England can at all compare, and that peninsular section of it around which the circle of the great lakes is swept, forces itself upon the notice of any student of the American map as one of the favored spots of the whole continent—as one of the appointed hiving places of industry, where population ought to breed with almost Belgian fecundity. A large section of Quebec is at least equal, in soil and climate, to its New England neighbors, while it rivals them in the possession of water power, which is furnished by every stream, and while it commands easier and cheaper access to the markets of the western interior. As for the maritime provinces, their possession of abundant coal gives them one of the prime advantages of industry over the contiguous States. Along with this parity, to say the least, in all that is essential to a vigorous development, the provinces forming the Dominion—even if we exclude that vast seat of future empire in the basin of Lake Winnipeg, which lies waiting for civilization to reach it—occupy a territorial area within which the population of New England or New York might be several times multiplied without increase of density. The area of Ontario and Quebec it is impossible to define with exactness, for the reason that they have no boundary on the north, except the limits to civilized settlement which the climate of the North imposes, wherever that may be. Practically, the limits of Canadian cultivation and settlement were marked, until a very recent period, by the Laurentian range of hills and the broken spurs that are thrown off from it across the head of the western peninsula. This barren, rocky ridge follows a line nearly parallel with the St. Lawrence on its northern bank, up to the vicinity of Montreal, where it strikes away in a western direction, indicated by the course of the Ottawa River, which is the conduit of the water-shed of the Laurentian elevation. A broad offshoot, however, of the same primitive upheaval is traced in a belt of

forbidding territory, where swamp and rock are intermingled, from the Ottawa River to Georgian Bay.

Up to the present time these forbidding barriers have practically formed, in both provinces, the northern boundary of Canadian cultivation and settlement, which spread slowly and feebly, without the same impetus and momentum that characterize the pioneer movement in the United States. Within a few years past, however, it has been discovered, and now it seems to be a well-determined fact, that beyond the Laurentian belt there are large tracts of productive territory, capable of well sustaining no very scanty population, even when stripped of the timber which constitutes their first value. The officially published reports of surveys made during late years within those regions, which I have examined with a good deal of carefulness, show great inequality in the value of the lands, many districts of fertile soil being curiously intermixed with sections that are actually or almost incapable of cultivation. But these reports, if at all correct, leave no doubt that on the upper Ottawa, in the basin of Lake Nippissing, along the eastern shores of Georgian Bay, and even to some extent on the northern shore of Lake Superior, there are very considerable areas that will ultimately give support to a hardy and enterprising population. Large tracts of this new domain have been set apart by the provincial authorities as "free grant lands," to be given to actual settlers on terms very nearly like the terms of the "homestead act" in the United States, and under the stimulus of that wise policy their settlement has commenced with some activity and promise.

To what extent the mineral resources of the infertile Laurentian belt render that capable of giving life to industry and support to a population, it is impossible to say. Just enough has so far been discovered to indicate that the mineral deposits within and on the flanks of the range may prove to be quite an important element of the wealth of the Canadas. Both iron and lead mines have been opened and worked to some extent north of Kingston; very valuable deposits of plumbago have lately been found and opened; gold is extensively indicated throughout a wide region in both provinces, and, more than probably, will yet be found in profitable quantities; a beautiful marble is already being quarried; the copper mines on the north shore of Lake Superior are unquestionably of great future value, and recent developments go to show that the same region is remarkably rich in silver. Altogether, it may be assumed that the productive and habitable territory of the Canadas is not confined to their tillable lands.

COMPARATIVE AREA AND POPULATION.

The commonly stated area of the province of Ontario is 121,260 square miles, and of the province of Quebec 210,000 square miles. The actual area of habitable and productive territory belonging to them may be estimated, I think, at about 50,000 square miles for each. Within that area in Ontario the capabilities of development, making all due allowance for whatever inconsiderable differences of climate exist, would seem to be fully equal to the capabilities of the State of New York, and if Ontario had kept pace in its growth with New York, as there seems to be no natural reason why it should not have done, (if we exclude New York City from the comparison,) the population of that province would now have exceeded four millions instead of two. The province of Quebec may be fairly measured in the same manner with the States of New Hampshire and Vermont, whose capabilities are no greater,

notwithstanding the somewhat more rigorous winter climate to which it is exposed. A population in Quebec proportioned to that of New Hampshire and Vermont would exceed by not less than half a million what the province now contains; while Nova Scotia and New Brunswick, populated in the same ratio as Maine, of which they are the counterpart, would contain to-day a million of souls.

CAUSES OF TARDY GROWTH.

That the four provinces of the Dominion do not at the present day exhibit a population of from six to seven millions of people, with corresponding wealth and corresponding activities of industry, is the very plain and unmistakable consequence of the fact that they have not received their natural share of the energies that are at work in the development of the American continent; and that fact is clearly to be traced to their isolation from the free interchange of activities, in a commercial way, which the rest of the Anglo-Saxon communities of America have secured by their national confederation. To the mere political distinction between the dependent British provinces and ourselves, or rather to such difference as exists between their form of popular government and our own, I should give no weight among the immediate causes of the slower growth that they exhibit. The political institutions of the ill-named Dominion of Canada are scarcely less republican, either in operation or in principle, than our own, and cannot reasonably be charged with exerting, in or of themselves, any disadvantageous influence upon the country. Even as concerns the influence of republican aspirations upon immigration from the older world, it may be seriously doubted whether practical considerations do not almost wholly control the choice which the immigrant makes of this country rather than of Canada. He has been led, and by good reasons, to expect that he will find in the United States greater activities, wider and more numerous opportunities, and the stir of a more vigorous life. The superior vigor, which appears patent to the outside world, is as simply explained as it is undeniable. From the immense diversity of resources and productive capabilities in the vast territory that we occupy, with its many zones of climate, its many variations of soil, its multiform structure, its triple seaboard, its inland seas and its great rivers, its prairies and its mountains of every mineral, we derive a certain mutual play of industrial forces, acting and reacting upon each other with unrestricted and perfect freedom, which is wonderfully cumulative and wonderfully stimulating—beyond anything, in fact, that has been known in the experience of the world before; and the secret of it all is the freedom of the diversified interchange. The effect halts where that freedom of industrial commerce meets with interference. The custom-houses of the national frontier paralyze it more than half; and we should find, if we could examine closely enough, that it is in just the degree that the neighboring provinces are cut off, by their political isolation, from the free circulation of the productive and commercial energies of the continent, that they have fallen behind their sister communities of the same origin and the same character in material progress.

I have placed the subject in this view for the purpose of suggesting the loss that we sustain, as a nation, from the unfortunate causes which have stunted the natural, or at least the otherwise possible, development of so large and so importantly related a section of the common domain of Anglo-America. If our loss is vastly less, even proportionately, than that of the provincial people, it is, nevertheless, a very serious one. It is the deprivation of what might have been and what might still

be fully one-eighth added to the accumulating momentum of the industrial energies by which we are carried forward. If the same interchange that exists between the States of the American Union had existed between those States and the neighboring provinces, we should now impart to them, it is true, the activities of forty millions of people, while they give back to us the responding activities of six or seven millions; but that is an inequality of exchange which we have found, between our Union at large and its several States, to be marvellously profitable.

In the extraordinary impulse of advancement that was given to the provinces, and particularly to Ontario, (then Upper Canada,) by the operation of the so-called treaty of reciprocity, during the eleven years of its existence, a marked and significant illustration was afforded of the magnitude of the influence which limitations put upon the freedom of commercial intercourse between their producers and ours exert *on them*. Unfortunately, we were not permitted, upon our own side, to learn as fully, from the experience of that treaty, the value to *ourselves* of a state of freedom in the interchanges of the two countries. As I desire to show presently, the adjustment of the partial free trade established by the treaty negotiated in 1854 was such as to render its operation very far from reciprocal or equitable, for the reason that the schedule of commodities covered by it, while it embraced on the one hand nearly everything that the provinces produce, included, on the other, but a limited number of the productions of which this country desires to extend its sale; and for the far greater reason that the commodities made free were almost wholly of a description for which the provinces could offer no market to us commensurate with the markets that the United States opened to them.

It was simply impossible that an arrangement of incomplete free trade so non-reciprocal, so one-sided in its operation, and so provokingly the res[illegible]s the treaty of 1854 was, of a sharply-forced bargain on the fisheri[illegible]estion, could be allowed to continue beyond the term for which it was contracted. It was justly abrogated in 1866 by the act of this Government, with the very general sanction of public opinion in the country; and yet there are probably few among those who opposed the continuation of the reciprocity treaty of 1854, and who oppose its renewal in any similar form, who are not fully convinced that an intimate, unrestricted commerce with the neighboring communities would be of great benefit to this country, as it certainly would be an incalculable stimulant to the growth of those communities. The question is one of adjustments. Free trade, or any approach to naturalness of commercial intercourse between these quasi-foreign neighbors and ourselves, is impossible, unless the outside conditions and commercial relations of the two countries can be brought into harmony with each other. That is the important, and, in fact, the only point of inquiry in the matter. If the exterior relations of the two countries were so adjusted to one another as not to interfere on either side with a natural circulation of free trade between themselves, probably not one intelligent voice would be raised against the abolition of every custom-house on our northern frontier.

PRESENT TRADE WITH THE DOMINION.

The provinces confederated in the Dominion of Canada are two millions in population, as I am forced to believe, and several hundred millions of dollars in wealth, behind what they would now have exhibited had they enjoyed from the beginning free intercourse in trade with these United States. As they stand, however, they form a very import-

ant body of producers and consumers for us to deal with. Last year, according to their own official statistics of trade, they were purchasers in the markets of the outside world to the amount of $71,239,187, and they sold in the same markets productions of their own to the amount of $56,081,192, (values in gold.) Of these transactions the Canadian statistics show less than 35 per cent. of the foreign purchases of the Dominion, against 51 per cent. of its foreign sales, to have been made in the United States. In reality, as will appear upon a further examination of the facts, the exports from the Dominion to the United States exceed the imports from the United States into the Dominion to the extent of a ratio even greater than that.

The following tables exhibit the commerce of the four provinces of the Dominion for the last two fiscal years, as represented in the official returns compiled by the commissioner of customs at Ottawa:

TOTAL IMPORTS OF THE DOMINION.

Statement of the value of articles imported into the Dominion of Canada and entered for consumption in the two fiscal years ended June 30, 1869 and 1870.

[From Canadian official returns.]

	From Great Britain.	From United States.	From all other countries.	Total.
1869.				
Quebec	$19,626,636	$6,168,804	$3,749,737	$29,545,177
Ontario	8,547,339	14,590,177	587,248	23,724,764
Nova Scotia	4,002,985	2,560,023	1,186,325	7,749,333
New Brunswick	3,587,510	2,154,701	640,685	6,382,896
Total	35,764,470	25,473,705	6,163,995	67,402,170
1870.				
Quebec	20,382,270	6,611,332	5,174,270	32,167,872
Ontario	9,837,885	14,031,340	661,232	24,530,457
Nova Scotia	4,397,725	2,258,079	1,352,227	8,008,031
New Brunswick	3,977,553	1,823,320	731,954	6,532,827
Total	38,595,433	24,724,071	7,919,683	71,239,187

IMPORTS FROM THE UNITED STATES.

Statement of the value of goods imported into the Dominion of Canada from the United States and entered for consumption, (exclusive of coin and bullion,) during the two fiscal years ending June 30, 1869 and 1870, distinguishing those which paid duty from those entered free of duty.

[From Canadian official returns.]

	Dutiable.	Free.	Total.	Duties collected.
1869.				
Quebec	$2,910,004	$3,144,629	$6,054,633	$678,683
Ontario	3,119,169	7,608,849	10,728,023	550,618
Nova Scotia	660,192	1,899,633	2,559,825	122,229
New Brunswick	1,104,383	1,050,318	2,154,701	214,033
Total	7,793,748	13,703,429	21,497,182	1,565,563
1870.				
Quebec	3,044,535	3,409,756	6,454,291	723,497
Ontario	3,912,368	7,249,179	11,161,547	674,271
Nova Scotia	763,846	1,494,233	2,258,079	119,768
New Brunswick	978,096	845,224	1,823,320	182,712
Total	8,698,845	12,998,392	21,697,237	1,700,248

IMPORTS FROM GREAT BRITAIN.

Statement of the value of goods imported into the Dominion of Canada from Great Britain and entered for consumption, (exclusive of coin and bullion,) during the two fiscal years ending June 30, 1869 and 1870, distinguishing those which paid duty from those entered free of duty.

[From Canadian official returns.]

	Dutiable.	Free.	Total.	Duties collected.
1869.				
Quebec	$14,503,226	$4,855,644	$19,358,930	$2,374,446
Ontario	7,954,779	592,560	8,547,339	1,317,253
Nova Scotia	3,281,836	721,149	4,002,985	593,958
New Brunswick	2,743,744	843,766	3,587,510	514,098
Total	28,483,645	7,013,119	35,496,764	4,799,755
1870.				
Quebec	14,563,737	4,760,195	19,323,932	2,362,269
Ontario	8,694,745	1,143,140	9,837,885	1,407,454
Nova Scotia	3,561,080	836,645	4,397,725	643,444
New Brunswick	3,203,386	774,167	3,977,553	624,331
Total	30,022,948	7,514,147	37,537,095	5,037,498

TOTAL EXPORTS OF THE DOMINION.

Statement of the value of goods, the growth, produce, and manufacture of the Dominion of Canada, exported from the several provinces, (exclusive of coin and bullion,) during the two fiscal years ended June 30, 1869 and 1870.

[From Canadian official returns.]

	To the United States.	To Great Britain.	Total exports to all countries.
1869.			
Quebec	$5,627,276	$16,344,825	$23,546,054
Ontario	15,187,809	742,686	15,930,495
Nova Scotia	1,831,054	466,779	5,031,859
New Brunswick	994,600	2,931,548	4,814,890
Total	23,640,739	20,485,838	49,323,304
1870.			
Quebec	6,880,446	18,538,842	27,421,676
Ontario	18,017,212	1,216,989	19,235,306
Nova Scotia	1,473,895	395,925	5,061,038
New Brunswick	2,400,759	1,009,231	4,363,171
Total	28,772,312	21,160,987	56,081,195

ANALYSIS OF CANADIAN FOREIGN COMMERCE.

An analysis of the foregoing tables of imports shows some facts which it is well to note in passing.

Of the imports of the Dominion, 53 per cent. in the fiscal year 1869 and 54 per cent in 1870 were from Great Britain; 38 per cent. in 1869 and not quite 35 per cent. in 1870 were from the United States, and 9 and 11 per cent. in the two years, respectively, were the proportions of importation from all other countries.

The duty-paying imports from Great Britain into the Dominion formed 80 per cent. of the entire imports from that nation both in 1869 and 1870, and only 20 per cent. were of commodities admitted free; while but

36 per cent. of the imports from the United States in 1869 and 40 per cent. in 1870 paid duty, and 64 per cent. and 60 per cent. in the two years, respectively, entered free.

The duties collected on the dutiable imports from the United States were at the average rate of 20 per cent. on the returned value in 1869, and 19.5 per cent. in 1870; while the duty collected on the dutiable imports from Great Britain was at the average rate of 16.8 per cent. in 1869, and 16.7 per cent. in 1870.

In other words, a much smaller proportion of the goods imported from the United States than of the goods imported from Great Britain were subjected to duty, but those among the former which did come under the Canadian tariff paid at a considerably higher average rate.

The very large proportion, however, of free goods from the United States that appears in the Canadian imports of 1869, and with a slight dimination in 1870, no longer exists. A new Canadian tariff went into effect on the 7th of April last, which imposes the following duties upon articles previously free, all of them being commodities of leading importance, in the not very extended list of productions that we barter with our provincial neighbors: flour, 25 cents per barrel; meal, 15 cents per barrel; wheat, 4 cents per bushel; all other grains, 3 cents per bushel; coal and coke, 50 cents per ton; salt, 5 cents per bushel; hops, 5 cents per pound; rice, 1 cent per pound. These duties, which leave a now quite insignificant free list of commodities, so far as American trade is concerned, were avowedly levied in retaliation for the protective rigor of the United States tariff, and, by the act which imposes them, the governor in council is authorized to suspend or to modify them, by proclamation, together with the duties on fish, meats, butter, cheese, lard, tallow, vegetables, and several other articles, "whenever it appears to his satisfaction that similar articles from Canada may be imported into the United States of America free of duty, or at a rate of duty not exceeding that payable on the same under such proclamation when imported into Canada."

THE STATE OF COMMERCIAL BELLIGERENCY.

As the case now stands, the two countries are in what might be described as an attitude of commercial belligerency toward one another, mutually repelling and discouraging the intercourse of trade and the profitable and convenient exchange of industries that are natural to their intimate neighborhood. Under the treaty of reciprocity there was a large excess of liberality on the side of the United States in the terms of trade, and the Canadian tariff grew steadily more illiberal and non-reciprocal. After the abrogation of the treaty, the conditions were reversed, and it must be confessed that the gates of trans-frontier traffic stood more open on the Canadian than on the American side from that period until the adoption of the retaliatory tariff of last April. Now, however, on both sides, the freedom of trade is about evenly interfered with, and the state of commercial repulsion between the two countries, whose interests so strongly attract them to intimacy, is as nicely adjusted, perhaps, as it could be. No one, I think, can contemplate this situation of things without feeling it to be a most unfortunate dislocation, which very seriously impairs the organization and operation of the industrial energies of the American continent. And a further investigation of the statistics of trade will not diminish that feeling.

STATISTICAL EXHIBIT FOR SEVENTEEN YEARS.

I have given the Canadian official statement of imports into the Dominion from the United States during the last two fiscal years. That exhibits one side of the commercial exchanges between the two countries, the other side of which is to be found in our own official statistics of imports into the United States from the provinces of the Dominion. It is proper to remark here that a great many contentious arguments relative to the trade between the two countries have been vitiated, by being based upon official returns, in one country or the other, of both imports and *exports*, as though the two were equally trustworthy statistics. The well-known fact, however, is that in no country, and certainly neither in Canada nor the United States, are the statistics of *exports*, compiled from the returns of clearances at the custom-houses, to be trusted for accuracy; for the simple reason that there is neither the same stringency of law nor the same watchfulness to compel an exact statement of outgoing shipments that is applied to secure true reports of the value of foreign commodities coming into the country. Chiefly as the consequence of this, the statistics of no two countries respecting their trade with each other will agree at all. The discrepancy between our own official returns and those of the Canadian government relating to the same trade is further widened by the mixed values (in currency and gold) that appear in the export and reëxport statements of the former.

According to our own statistics, we bought from the four provinces of the Dominion, in the fiscal year ended June 30, 1870, commodities to the value of $39,507,842, (in gold,) and sold them domestic commodities to the value (in currency) of $19,365,771, and foreign reëxports to the value (in gold) of $3,931,525.

According to Canadian statistics, our purchases from the Dominion, in the same twelve months, amounted only to $28,772,312, and our total sales to it, of domestic and foreign goods, were of the value of $21,697,237, all in gold.

On each side there is strong probability of the near accuracy of the *import* returns, and we may safely accept them as representing the commercial exchanges of the two countries. The following table is compiled in that view, from the official returns of imports in each country from the other, both representing values in gold. It shows the yearly amount of trade each way that passed between the United States and the old Canadian provinces from 1854 to 1867, both inclusive, and between the United States and the Dominion of Canada, since that confederation was organized. The exhibit is rendered faulty to a certain degree by the fact that the Canadian returns are made for the calendar year down to 1864, at which time the provincial government adopted the fiscal year ending June 30, to correspond with our own; but this does not affect the general showing of the state of the commercial exchanges represented:

Imported into the United States from Canada. [From United States official returns.]		Imported into Canada from the United States. [From Canadian official returns.†]	
OLD CANADA.		OLD CANADA.	
Fiscal year ended June 30, 1854	$6,721,539	Calendar year 1854	$15,533,090
Fiscal year ended June 30, 1855*	12,182,314	Calendar year 1855*	20,828,676
Fiscal year ended June 30, 1856	17,488,197	Calendar year 1856	22,704,508
Fiscal year ended June 30, 1857	18,291,834	Calendar year 1857	20,224,648
Fiscal year ended June 30, 1858	11,581,570	Calendar year 1858	15,635,565
Fiscal year ended June 30, 1859	14,208,717	Calendar year 1859	17,592,916
Fiscal year ended June 30, 1860	18,853,033	Calendar year 1860	17,273,029
Fiscal year ended June 30, 1861	18,645,457	Calendar year 1861	20,206,080
Fiscal year ended June 30, 1862	15,257,812	Calendar year 1862	22,642,860
Fiscal year ended June 30, 1863	18,670,773	Calendar year 1863	18,457,683
Fiscal year ended June 30, 1864, (estimated)	32,422,015	First half of 1864	7,952,401
Fiscal year ended June 30, 1865	30,547,267	Fiscal year 1864–'65	14,820,577
Fiscal year ended June 30, 1866*	46,199,470	Fiscal year 1866*	15,242,834
Fiscal year ended June 30, 1867	26,397,867	Fiscal year 1867	14,061,155
DOMINION OF CANADA.		DOMINION OF CANADA.	
Fiscal year ended June 30, 1868	25,064,858	Fiscal year 1868	17,600,273
Fiscal year ended June 30, 1869	30,353,010	Fiscal year 1869	21,497,182
Fiscal year ended June 30, 1870	39,507,842	Fiscal year 1870	21,697,237

* First and last years of the reciprocity treaty.

† The figures for the earlier years in this column I take from one of the reports of Mr. William J. Patterson, secretary of the Monteal Board of Trade.

The prominent fact that appears in the above statement is the total change of current that took place in the trade between the United States and Canada in 1862. Down to the close of that year, when the derangement of currency, the inflation of prices, and the disturbance of industries produced by the war of rebellion in this country began to work their effects, we had been selling to the provinces largely in excess of what we bought from them. The aggregate of their imports from us during the nine years ending with 1862—eight of which were the years of the reciprocity treaty—was $172,641,372. The aggregate of our imports from them in the same period was $133,230,473. The balance of trade in our favor was $39,410,899. But in 1863 the balance shifted to the other side, and ever since the preponderance against us has steadily and rapidly increased, until now, as the above figures show, we are exchanging commodities for little more than one-half that we buy from the British provinces. Indeed, the exchange of our own productions covers less than one-half of the amount that we are importing from the provinces, since the Canadian import statistics cited above include foreign commodities reëxported from the United States to Canada, making no distinction between those and the domestic exports from the United States to Canada. Our own official statement of these reëxports shows the following amounts going to Canada in the last two fiscal years: 1869, $2,858,782; 1870, $3,931,525. Making these deductions from the Canadian importation of goods out of the United States, the exchange of domestic productions (since we receive very few non-Canadian commodities through Canada) stands as follows for the last two years:

1869.

From Canada to the United States	$30,353,010
From the United States to Canada	18,638,400
Balance against the United States	11,714,610

1870.

From Canada to the United States	$39,507,842
From the United States to Canada	17,765,712
Balance against the United States	21,742,130

Comment upon the unsatisfactoriness of this state of trade seems to be quite unnecessary. The adverse balance is vastly too great to be analyzed into commercial "profits," as an apparently adverse balance of trade often may be; and the mode in which it is here arrived at, by comparison of the import entries in each country from the other, excludes, moreover, almost all the elements of such an analysis.

WHAT WE SELL TO THE PROVINCES.

To show what commodities are chiefly exchanged between the two countries, and to exhibit at the same time the relative importance of each in this commerce, and the course it has taken relative to each during a considerable period of years past, I have compiled a series of tables, which may be examined with interest. The first table here following is a summary and analysis of the import statistics of the Dominion of Canada for the last two fiscal years, and shows what we have chiefly sold to the four provinces of the Dominion, severally and collectively, during those two years.

Statement showing the values of the principal commodities imported into the several provinces of the Dominion of Canada from the United States during the two fiscal years ended June 30 1869 and 1870.

[Compiled from Canadian official returns.]

	Quebec.	Ontario.	NovaScotia.	New Brunswick.	Total.
1869.					
Coin and bullion	$114,171	$3,862,154	$198	.....	$3,976,523
Sugar, molasses, and melado	635,715	289,185	9,351	$57,080	991,331
Meats, all kinds	183,417	336,574	24,055	92,419	636,465
Tea	329,836	91,467	37,030	65,818	524,151
Cottons	120,855	149,606	26,751	146,178	443,390
Hats, caps, &c	137,484	94,758	22,921	22,757	277,920
General hardware	265,567	377,105	101,193	14,140	758,005
Coal and coke	187,443	607,934	21,847	30,105	847,329
Flour	417,255	217,337	1,033,892	400,790	2,069,274
Grain, all kinds, except Indian corn	105,363	3,054,510	6,176	64,597	3,230,646
Indian corn	172,446	1,342,846	80,346	58,519	1,654,157
Cornmeal and oatmeal	4,430	36,094	236,757	121,146	398,427
Flax, hemp, and tow	137,973	15,990	72,800	32,811	259,574
Hides, horns, and pelts	547,405	203,344	37,587	30,298	818,634
Tobacco, unmanufactured	646,843	154,120	62,717	14,839	878,519
Wool	147,463	278,825	.....	183	426,471
Woolens	98,156	86,153	26,799	140,091	351,199
Glassware	42,665	135,105	18,272	20,576	216,618
Musical instruments	50,772	111,599	8,286	22,900	193,557
Books and other publications	48,395	131,595	19,913	24,915	224,818
Cotton wool	60,037	235,129	433	49,041	344,640
Salt	1,801	147,138	1,160	2,057	152,156
Machinery	127,329	253,528	57,674	90,578	529,109
Total, excluding coin and bullion	4,467,650	8,349,942	1,905,960	1,501,838	16,226,390
All other articles	1,585,983	2,378,081	653,865	652,863	5,270,792
Total imports from United States, except coin and bullion	6,054,633	10,728,023	2,559,825	2,154,701	21,497,182
Percentage of articles enumerated above	74	83	74	70	
Percentage of grain, flour, and meal	11	43	53	30	

Statement showing the values of the principal commodities, &c—Continued.

[Compiled from Canadian officials returns.]

	Quebec.	Ontario.	NovaScotia.	New Brunswick.	Total.
1870.					
Coin and bullion	157,041	2,869,793	.....	.....	3,026,834
Sugar, molasses, &c	444,681	404,593	23,426	61,948	934,648
Meats	101,868	338,834	19,311	60,672	520,685
Tea	684,895	178,875	29,443	79,803	973,016
Cottons	141,552	148,743	33,451	45,692	369,438
Hats, caps, &c	120,870	149,366	29,051	36,204	335,491
General hardware and stoves	300,221	423,931	124,520	27,348	876,020
Coal and coke	208,361	665,139	1,673	31,886	898,059
Flour	117,843	41,962	736,261	361,333	1,257,399
Grain, all except Indian corn	250,199	4,163,626	43,361	2,866	4,460,052
Indian corn	14,427	375,290	15,045	16,227	420,989
Cornmeal and oatmeal	409	14,528	220,740	53,293	288,970
Flax, hemp, and tow	139,882	25,223	332	21,752	187,189
Hides, horns, and pelts	694,496	306,493	51,616	67,740	1,120,345
Tobacco, unmanufactured	474,438	247,994	73,259	8,832	804,523
Wool	131,179	277,804	59	4,183	413,215
Woolens	57,977	56,672	19,956	60,813	195,418
Glassware	41,016	123,628	18,240	22,344	205,228
Musical instruments	54,541	99,236	6,959	30,807	191,543
Books, &c	43,636	148,159	23,540	26,525	241,860
Cotton wool	85,173	268,411	189	65,271	419,044
Salt	1,159	67,951	1,065	1,577	71,752
Engines and machinery	141,054	231,669	23,808	81,545	478,076
Total, excluding coin and bullion	4,249,877	8,749,127	1,495,305	1,168,661	15,662,970
All other articles	2,204,414	2,412,420	762,774	654,659	6,034,267
Total imports from United States, except coin and bullion	6,454,291	11,161,547	2,258,079	1,823,320	21,697,237
Percentage of articles enumerated above	66	78	66	64	72
Percentage of grain, flour, and meal	6	41	45	24	29

One of the larger items (*i. e.*, the item of tea) in the foregoing list of twenty-two commodities or classes of commodities, which, together, make up three-fourths of our exports to the provinces, is a foreign article, simply conveyed through American hands, in bond, to the provincial consumers. Some part of other items in the list belongs in the same category of foreign reëxports. When these are allowed for, the range of the Canadian market for American productions appears to be lamentably limited and almost confined to the rawest products of agriculture, with hardly an appreciable opening for the benefit of our skilled labor in any department; and this, too, in the case of the nearest neighbors that we have upon the globe.

I have found it impossible to give, for the provinces at large, a comparative statement like the above, embracing any such period as is necessary for an historical exhibit of the course of trade; but the following table approximates that exhibit. It shows the value of a few of the principal articles imported into old Canada (Ontario and Quebec) during the fiscal year 1864–'65, the last full year of the reciprocity treaty, compared with the imports of the same articles in the fiscal years 1868, 1869, and 1870.

Statement of the values of a few principal articles imported into "old Canada" from the United States for several years.

Articles.	1864–'65.	1867–'68.	1868–'69.	1869–'70.
Coal	$544,511	$791,998	$795,377	$864,5[illegible]
Cotton, wool	88,786	213,194	205,166	353,[illegible]
Flax, hemp, and tow, unmanufactured	120,897	147,866	153,963	165,[illegible]
Flour	690,124	94,444	634,592	159,[illegible]
Grain, all kinds	3,584,405	3,605,998	4,675,165	4,413,[illegible]
Hides, horns, and pelts	265,060	1,071,999	750,749	1,060,9[illegible]
Indian meal and oatmeal	36,622	47,865	40,524	14,[illegible]
Meat, all kinds	876,968	230,332	519,991	440,[illegible]
Tobacco, unmanufactured	277,007	456,288	800,963	732,[illegible]
Wool	174,071	253,736	426,288	400,9[illegible]

WHAT WE BUY FROM THE PROVINCES.

The return trade, or what we have chiefly bought from the provinces, can be exhibited more comprehensively, in history at least, as will be seen in the table following, which shows the values of the leading articles imported into the United States from all the British Possessions in North America during a series of years. The series cannot be made as complete as I should wish, for the reason that articles imported under the reciprocity treaty were not discriminated for several years in the official trade records of this Government.

Comparative statement for several years before, during, and since the reciprocity treaty, of the value of the principal articles imported into the United States from the British North American Possessions.

	1854.	1855.	1863.	1866.	1867.	1869.
Wood and manufactures of wood, (except cabinet wood)	$753,169	$820,959	$3,203,906	$4,887,589	$6,431,058	$7,170,3[illegible]
Animals, living	73,821	42,126	1,351,173	5,503,518	1,902,960	3,471,[illegible]
Wheat	2,069,070	1,441,397	1,059,803	1,694,916	3,272,859	1,673,[illegible]
Flour	1,792,789	1,849,109	2,137,610	2,970,348	1,765,285	446,[illegible]
Barley	5,569	90,822	1,524,221	4,093,202	2,012,547	4,624,[illegible]
Oats	37,108	19,075	1,418,723	2,216,722	257,085	143,[illegible]
Rye	202	32,601	12,577	72,999	140,361	157,[illegible]
Products of fisheries	1,004,168	833,361	736,549	2,213,384	2,054,646	1,505,[illegible]
Cod	254,774	243,784	757,094	1,223,981	925,447	758,[illegible]
Provisions and tallow	4,431	4,038	150,782	851,344	84,560	1,429,[illegible]
Butter	126,811	84,773	326,634	668,917	648,102	.....
Wool, raw and fleece	69,080	13,890	781,867	1,527,275	201,083	715,[illegible]
Hides and skins	34,729	28,592	137,113	228,090	81,605	455,[illegible]
Potatoes	86,405	129,076	147,380	.....	62,[illegible]	42,[illegible]
Furs and fur skins	13,920	5,977	143,133	214,622	133,[illegible]	239,[illegible]
Gypsum, unground	106,114	107,136	25,882	61,439	94,900	123,[illegible]
Pig iron	110,840	109,882	.....	86,320	204,245	381,[illegible]
Ashes	.....	.....	460,026	415,398	167,[illegible]	45,[illegible]
Coin and bullion	142,652	18,445	6,536,478	4,044,065	8,560,173	2,796,[illegible]

DISTRIBUTION OF THE TRADE.

The fact that in our trade with the provinces the interest of the Eastern and Middle States is almost wholly that of buyers, while the interest of the Western States is almost wholly that of sellers, could hardly escape the notice of any one who examines the foregoing tables. If we examine by customs districts the returns made for the last fiscal year of imports from and domestic exports and foreign reëxports to the British American provinces, we find the distribution of the trade to be in the following proportions:

	Per cent.
Imports in—	
Vermont district	27.1
Oswego district	17.6
Niagara (Suspension bridge) district	14.7
Buffalo district	8.7
Champlain district	6.0
Boston district	4.6
All other New England districts	4.6
Oswegatchie (Ogdensburg)	3.8
All other collection districts	12.9
Domestic exports from—	
Chicago	13.5
Milwaukee	13.5
Toledo	9.5
Port Huron	9.9
Vermont	9.3
Boston	8.9
Detroit	6.1
Cleveland	5.9
All other ports	23.4
Foreign reëxports from—	
New York	51.9
Portland	23.6
Boston	13.6
All other ports	10.9

A COMMERCE OF CONVENIENCE.

To a remarkable extent our present trade with the provinces is what might be characterized as a pure commerce of convenience, incident merely to the economical distribution of products which are common to both countries. We exchange with them almost equal quantities of the cereals, and almost equal quantities, on an average, of flour. Except so far as concerns the barley that we buy from them and the Indian corn that we sell to them, this trade originates on neither side in any necessity, but is chiefly a matter of simple convenience, of economy in carriage, or of diversification in the qualities of grain. Similarly, and for the like reason, we exchange with them almost equal quantities of coal. We sell them a certain quantity of hides and skins, and buy half that quantity of the same articles back from them. On the other hand, they sell us provisions and wool, and buy our provisions and wool to half the amount in return. Not less than one-third, probably, of the trade now carried on between the United States and the neighboring provinces is of that character, and the fact that it is kept up with so little diminution, notwithstanding the imposition of duties on both sides of the frontier, is significant of the value of the advantages that are found in it.

THE RECIPROCITY TREATY.

The narrowness of the range of commodities within which the bulk of the traffic between the two countries is now restricted has already been pointed out as the conspicuous feature of this commerce in its present state. It goes very little beyond the rawest products of agriculture, (including animal food as such,) and out of this fact there follows, as an inevitable consequence, the inequality which we find in the exchanges—

the heavy excess of our importations from the provinces over what we export to them; since the trade, confined to an interchange of the same kind of commodities, must be pretty much in the ratio of forty millions of consumers on one side to four millions on the other. The old treaty of so-called reciprocity contributed nothing directly, and very little indirectly, to the rectification of this commercial inequity, and for that reason it was a fraud upon the United States. It established free trade between the United States and the British North American provinces in the following specified articles, and in those only:

Grain, flour, and breadstuffs; animals of all kinds; ashes; fresh, smoked, and salted meats; timber and lumber of all kinds, round, hewed, and sawed and unmanufactured; cotton, wool, seeds and vegetables; undried fruits, dried fruit; fish of all kinds; products of fish and all the creatures living in the water; poultry; eggs; hides, furs, skins, or tails, undressed; stone or marble in its crude or unwrought state; slate; butter, cheese, tallow; ores of metals of all kinds; coal; unmanufactured tobacco; pitch, tar, turpentine; firewood; plants, shrubs, trees; pelts; wool; fish oil; rice and broom-corn; barks, gypsum, ground and unground; wrought or unwrought burr and grindstones; dyestuffs; flax, hemp, and tow, unmanufactured; rags.

With two or three exceptions only, these are commodities which both countries produce, and with reference to which, of course, the freedom of the markets of the United States, containing ten times their population, was of vastly more value to the provinces than the freedom of their markets could possibly be to the rival producers of the United States. Moreover, the schedule of raw commodities covered by the treaty embraced, on the one hand, absolutely every product of the provinces for which they sought a foreign market, while it included, on the other hand, the products of but one department of the more varied industries of this country. How it operated, so far as our trade with the old Canadian provinces is concerned, may be exactly shown by comparing the statistics of free and dutiable imports in each country from the other during the period of the existence of the treaty:

Statement compiled from the official returns in the United States and in Canada, showing the imports of each country from the other, free and dutiable, during the existence of the treaty of reciprocity.

United States imports from Canada. [From U. S. official returns.]			Canadian imports from the United States. [From Canadian official returns.†]		
Fiscal year.	Dutiable.	Free.	Calendar year.	Dutiable.	Free.
1855	$5,305,818	$6,876,496	1855	$11,449,472	$9,379,2
1856	640,375	16,847,822	1856	12,770,924	9,933,5
1857	691,097	17,600,737	1857	9,966,428	10,258,2
1858	313,952	11,267,618	1858	8,473,607	7,161,9
1859	504,969	13,703,748	1859	9,036,371	8,556,5
1860	434,532	18,418,501	1860	8,532,544	8,740,1
1861	358,240	18,287,217	1861	8,346,633	11,859,1
1862	227,059	15,030,753	1862	6,128,783	16,514,0
1863	425,135	18,245,638	1863	3,974,396	14,483,2
1864*	1,161,981	31,260,034	1864, (first half)	2,177,003	5,775,3
1865	748,374	29,798,893	1865, (fiscal year)	3,991,226	10,829,3
1866	3,744,643	42,454,827	1866, (fiscal year)	4,362,167	10,880,6
Totals	14,556,175	239,792,284	Totals	89,209,554	124,372,2

*Estimated Canadian proportion of trade with the British North American Possessions, not discriminated in the returns for 1864.

†These figures are taken from a table compiled by the secretary of the Montreal Board of Trade, Mr. William J. Patterson.

The trade represented in the columns of free goods, on the two sides of the foregoing table, is, of course, the trade in which the operation of the reciprocity treaty is to be looked for. With the traffic in duty-pay

ing commodities, which was carried on wholly outside of its provisions, the treaty had nothing to do, except so far as that independent commerce was indirectly stimulated by the activities to which the treaty gave direct encouragement. The actual treaty trade, therefore, which occurred between the two countries during the period of the existence of the convention of 1854, shows an inequality of exchanges very nearly in the proportion of two to one. Two hundred and thirty-nine millions of dollars' worth of Canadian products found a free market in the United States, under the provisions of the treaty, against one hundred and twenty-four millions of American products for which the treaty opened a free market in the Canadas. Of the total Canadian commodities sold in the United States during the twelve years' period, 94 per cent. came free and but 6 per cent. paid duty, while 58 per cent. only of the American commodities sold in Canada passed free to their market, and 42 per cent., or about half, paid tribute to the custom-houses of the provincial government. Moreover, the entire sales from this country to Canada—free goods and dutiable goods, domestic products and foreign reëxports—altogether aggregated less for the twelve years by $26,000,000, than the *free goods* which Canadian producers were enabled by the treaty to sell in the United States.

This was certainly very far from being an arrangement of *reciprocal* free trade, and no statistical ingenuity, even taking advantage of the imperfect *export* showing of official returns in either country, could ever make the treaty appear otherwise than a badly one-sided bargain so far as its commercial stipulations were concerned. Whether the fishery privileges and the freedom of the navigation of the St. Lawrence, which were thrown as make-weights into the scale, approximately constituted an equivalent for the excess of advantage in trade that was gained by the provinces, is a question about which some differences of opinion have existed. It is certain that the privilege of navigating the St. Lawrence remained an almost unused privilege during the whole term of the treaty. How far it might be made valuable, by an enlargement of the Welland and St. Lawrence canals, I shall not undertake to discuss.

THE FISHERIES.

So far as concerns the fisheries, there can be no doubt that the greater freedom which our fishermen enjoyed under the treaty, in British waters and at the provincial ports, was of importance to them. But it may seriously be doubted whether the worth of all that they gained, over and above what justly belonged to them before, and what justly belongs to them now, under prior treaties, was greater than the worth of the freedom of the markets of the United States to the people of the maritime provinces alone. It would seem that a full equivalent for our fishing privileges was given to those provinces to whom belong whatever rights of proprietorship there are in the coast-fishing grounds, and that all the enormous unreciprocated trading advantages given to the Canadas in the bargain were a pure gratuity. Under the operation of the treaty the maritime provinces increased the sale in our markets of the products of their own fishing from $1,004,468 in 1854 to $2,213,384 in 1865. Neither their fishing industries nor their fisheries sustained any detriment from the admission of American fishermen within the three-mile inshore line, while they profited to no small extent from the selling of supplies to them. How much of actual profit the New England fishermen found in the privilege of the inshore fisheries, to offset the accompanying competition of the provincial fishermen with them in

their own home markets, it is hard to estimate, since our statistics are lamentably deficient in facts bearing upon the subject. Apparently, however, the value of the treaty to them was found more in the relief that it afforded from the annoyance and harassing application of provincial regulations, than in the yield of the fishing grounds to which they were admitted by it. At all events, the records of the enrolled tonnage employed in the mackerel and cod fisheries show no stimulation of the business during the period of the reciprocity treaty, but unmistakably the reverse, as may be seen in the statement below, taken from official sources:

Statement of the enrolled tonnage employed in the cod and mackerel fisheries from 1852 to 1869, inclusive.

Years.	Cod fishery.	Mackerel fishery.	Years.	Cod fishery.	Mackerel fishery.
1852	102, 659	72, 546	1862	122, 862	80, 59
1853	109, 227	59, 850	1863	117, 289	51, 01
1854	102 194	35, 041	1864	92, 744	55, 49
1855	102, 927	21, 624	1865*	59, 228	41, 20
1856	95, 816	29, 886	1866	42, 796	46, 58
1857	104, 572	28, 327	1867	36, 708	31, 49
1858	110, 896	29, 553			
1859	120, 577	27, 069	1868	83, 886	
1860	136, 653	26, 110	1869	62, 704	
1861	127, 310	54, 295			

* After 1865 the stated tonnage is either partly or wholly by "new" admeasurement, which produces some apparent diminution that is not real.

It appears from the foregoing statement that an actual and considerable decline in the number of American vessels engaged in the mackerel fisheries occurred during the first six years of the reciprocity treaty, and that, with the single exception of the year 1862, the business never employed so much tonnage throughout the whole period of the treaty as it had employed in the two years before the treaty was negotiated, while the tonnage previously employed in the cod fisheries was barely kept engaged until 1863, and after that likewise declined.

These facts are certainly very far from sustaining the prevalent idea, particularly prevalent and much cherished in Canada, that the concessions added to our fishing rights on the British North American coasts by the reciprocity treaty greatly promoted the New England fishing interests, and were of such weighty value as to counterbalance the uneven sharing of the commercial privileges negotiated in the same contract. The importance with reference to these fisheries that came to be attached to the treaty of 1854, undoubtedly grew out of the welcome experience of relief from unfriendly laws and harassing officials which the American fishermen enjoyed under it, and the welcome quietus that it gave to quarrels and questions which were constantly giving rise to dangerous national controversies. Now that the treaty has ceased to exist, it is the recurrence of those same annoyances, and their consequence of ill blood, far more than the loss of the "inshore fisheries," or the disputed definition of the "inshore line," that gives seriousness and importance to the fisheries question. That they have been revived in the most troublesome forms that can be given to them—as they were made troublesome to the fullest extreme before the treaty of reciprocity was negotiated, for the politic purpose of heightening the importance to this country of some compromise that will end them—there is little room for questioning. Nor does it appear very doubtful that this policy originates at the same source from whence proceeded the shrewd diplomac

by which, in the treaty of 1854, the maritime provinces were made to furnish the consideration for privileges in trade from which the Canadian provinces drew the lion's share of profit.

As between the United States and the maritime provinces, which are chiefly the parties in interest, the fisheries question could probably be settled very easily. Those provinces would gladly exchange the freedom of their fishing grounds, and every desired landing and harbor privilege, for free access to American markets with their fish, their oil, their coal, their gypsum, their lumber, their grindstones, and other products, and the best side of the bargain, so far as actual dollars and cents' worth is concerned, would be theirs at that. Indeed, so apparent to the people of the maritime provinces are the advantages of such an adjustment of things, that the sentiment in favor of securing it by actual annexation of themselves and their fisheries to the United States has strength enough to be boldly outspoken, and to support at least two prominent organs of its public expression in the province of Nova Scotia. Had an effort been made, at the termination of the inequitable treaty of reciprocity, to negotiate a settlement of the fisheries question on the basis of free trade with the provinces to whom the chiefly valuable fisheries belong—then separate as the since confederated provinces were—the situation of affairs in British North America might now have been considerably different.

IS RECIPROCAL FREE TRADE PRACTICABLE?

It is made plain enough by the showing of the facts presented in this report that abundant reasons exist for a strong desire on our part, as well as on theirs, to bring about an adjustment of our commercial relations with all the British colonial states that are in neighborhood to us, and especially with the Canadian provinces, upon a more liberal and more natural footing. But it is made equally plain that the United States can never, in justice to themselves, effect that adjustment upon anything like the bases of the old treaty of reciprocity. We want a more free and a more extended intercourse in trade with the four millions of people whose territory, in so many respects, is the geographical complement of our own; but we want that freedom of intercourse to take a range considerably beyond the raw productions in which the two countries are mere competitors of each other, and with reference to which our markets are necessarily of far greater value to the provinces than theirs to us. We want, not merely to exchange breadstuffs, and provisions, and coal, and hides and tallow with them, but to sell them our cottons, our boots and shoes, our machinery, and our manufactures generally, in trade for their lumber, their live stock, their ashes, their plaster, their furs, their minerals, and the general products of their farms. We want, in fact, such an adjustment of the trade that the provinces shall not sell what they have to sell in the United States and buy what they have to buy in Great Britain.

Is the arrangement of a reciprocal free trade extended to that range of commodities practicable? Apparently it is not, under present conditions. If the free admission of American commodities is suggested in the provinces, there arises at once the objection that their relations with Great Britain forbid it; that they cannot discriminate against that country in favor of this, and that their revenue necessities will not permit the removing of duties from the products of both. Nor could we on this side afford the introduction of a state of free trade between our territory and the provinces, with the circumstances of the two countries

remaining as they are; with high prices and high wages prevailing upon one side of the line, and low wages and low prices prevailing upon the other; with the industries of the two people toned, if we may so express it, in widely different keys. To obliterate the boundary line, commercially speaking, while these contrasts of circumstance and the causes behind them existed to still define it in every industrial respect, would simply invite the removal of a good part of our manufacturing establishments across the frontier, to enjoy the cheap scale in making and the dear scale in selling their products. Of course, time would finally level all the differences existing at first, but the process would assuredly be an expensive one to the United States.

A ZOLLVEREIN.

It appears, therefore, that an intimate freedom of commerce between this country and its northern neighbors, which is so desirable for both parties, cannot be contemplated except in connection with a material change in the conditions of the foreign relationship that the provinces sustain toward us. It involves, of necessity, an entire identification of the material interests of the two countries, by their common association, in some form or other. If the provinces do not choose to become one with us politically, they must at least become one with us commercially before the barriers are thrown down which shut them out from an equal participation with us in the energetic working of the mixed activities of the new world, and which deprive us, in a great measure, of the reënforcement that they are capable of bringing to those activities. The alternative of annexation is the zollverein, or a customs union, after the plan of that under which the German states secured free trade among themselves and identity of interest in their commerce with the outside world.

A majority of the people of the British provinces may not yet be prepared in feeling (though many of them are) for an arrangement which probably involves the disjointing of their political attachment to Great Britain, and the assumption for themselves of a state of political independence; but the time cannot be very distant when the persuasion of their interests will overpower the hardly explainable sentiment by which it is opposed. Perpetually made conscious, of late years, that the parental nation to which they have loyally clung is more than ready to dismiss them to an independent career, with a hearty God-speed, and that they are far more endangered than protected by their anomalous connection with Great Britain, their feeling with reference to that connection has confessedly undergone a great change. At the present time the inhabitants of the provinces appear to be in a doubtful, wavering, transition state of opinion and sentiment, with regard to their future policy as a people; much affected, on the one hand, by dissatisfaction with their relations to England, and, on the other hand, by a mistaken belief that it is the ambitious policy and fixed purpose of their American neighbors to coerce them into a surrender of themselves and their territory to the United States. That it is alike against the political convictions and against the manifest interest of this nation to covet the forcible absorption into its body-politic of any unwilling, alien, discontented community of people, so large as that of the British provinces, and that their accession to it is only desirable, and only desired, if they come by free choosing of their own, is a fact which they will probably discern when their reflections have become more deliberate.

There does exist a feeling in the United States with reference t

them which it ought not to be difficult for the people of the provinces to understand. It is the unwillingness of a reasonable jealousy, and of a just, prudential selfishness, to extend the material benefits of membership in the American Union, without its responsibilities and reciprocal obligations, to communities with which the certain relations of an independent friendship cannot be cultivated or maintained; which are controlled by a distant foreign power, and which are at all times liable to be placed in an attitude of unfriendliness or hostility to this country by causes outside of themselves, or through events in connection with which they have nothing on their own part to do. Between two equally independent and responsible nationalities, homogeneous in blood and character, and with every interest in common, situated as the United States and their northern neighbors are toward each other, it would be as easy to settle the relations of intimate fellowship upon an enduring basis, as it is made difficult to do so in the case of these provinces, by reasons of their dependent status.

The circumstances which make the common boundary of the two countries an actual barrier instead of an imaginary line, are under their control, not ours. It is for them to determine which affects them most importantly, their political association with Great Britain, or their commercial and industrial association in interest with the United States, and which shall be yielded to the other, since the two are unquestionably in conflict. There is no apparent evasion of the choice that they must make.

THE TRANSIT TRADE.

In every commercial respect the dependence of the provinces of the Dominion of Canada—especially of the old Canadian provinces—upon the United States, is almost absolute. To say so is not to make an arrogant boast, but to state a simple fact. Restricted as the intercourse between the Canadas and this country unhappily is now, they derive from it almost wholly the life which animates their industry and their enterprise. The railroad system which gives them a circulation of energies, and by which their resources are being developed, is the offspring of the East and West traffic of the United States. Its trunk lines are supported, and were made possible undertakings, by the carrying business that they command from point to point of the American frontier, across intervening Canadian territory. American commerce instigated the building of their Welland and St. Lawrence Canals, and furnishes the compensation for the cost of both. American commerce is the instigator to, and the guarantor for, every similar enterprise that is now contemplated in the provinces.

These are not exaggerated representations. They are borne out by the returns of the traffic of the chief Canadian railways and canals.

The following is a statement, in tons, of the property transported through the Welland Canal in 1869, showing the proportions of American and Canadian commerce employing the canal:

	Up.	Down.	Total.
From American to American ports.....tons..	277, 065	411, 635	688, 700
From American to Canadian ports.....tons..	5, 843	210, 008	215, 851
From Canadian to American ports.....tons..	78, 480	56, 455	134, 935
From Canadian to Canadian ports.....tons..	16, 666	178, 751	195, 417

The following is a statement of the freight traffic of the Great Western Railway of Canada, for the year ending July 31, 1870:

	Cattle.	Sheep.	Hogs.	Grain.	Other freight.	Receipts.
	Head.	*Head.*	*Head.*	*Bushels.*	*Tons.*	£ s.
Foreign traffic, eastward..	33,329	129,784	99,061	2,597,042	213,739	203,499 11
Foreign traffic, westward	.....	.....	.....	.....	136,825	99,662 9
Total foreign traffic...	33,329	129,784	99,061	2,597,042	350,564	303,162 1
Local traffic, (both ways)..	37,195	77,648	26,593	2,330,555	323,585	194,191 14

I have been unable to procure a statement of the traffic of the Grand Trunk Railway of Canada, the management of which appears to pursue a policy of concealment with regard to its business; but very much the same state of facts would undoubtedly be shown on that road as on the Great Western. The extent to which the Grand Trunk Railway shares inthe flour and grain trade of the United States, appears in the following statement of the quantities of those articles which were shipped upon it from its two western frontier termini, Sarnia and Goderich, in the year 1869:

	Flour.	Wheat.	Corn.	Other grain
	Barrels.	*Bushels.*	*Bushels.*	*Bushels*
From United States to United States, in transit.....	451,830	225,900	1,692,193	183,0
From United States to Canada.....	90,112	.....	670,230	48,8

The foregoing figures supply their own commentary and fully sustain the remark with which they were introduced, that the main railways and canals of Canada owe their existence and their support to the commerce of the United States, in the transportation of which they share.

On the other hand, a large portion of the commerce between the old Canadian provinces (Ontario and Quebec) and foreign countries, other than our own, is carried on through the United States. This is made necessary by the winter closing of the St. Lawrence, and by the fact that no railroad connection between the Canadian interior and the seaports of the maritime provinces exists, and that one can be formed only by taking so wide, costly, and inconvenient a circuit that its commercial usefulness when realized will be very slight. According to the "Trade and Navigation" tables published by the government of the Dominion the foreign goods passing through the United States under bond to the Canadian importer, in the fiscal year ended June 30, 1869, amounted in value to $6,825,165. This is exclusive of foreign goods purchased in the United States market, in bond, to the value of $1,701,965.

According to the returns compiled in the Bureau of Statistics at Washington, the foreign commodities carried through the United States to Canada in the fiscal year ended June 30, 1869, amounted to the value of $14,843,620, (more than double the quantity appearing in the Canadian statistics,) and the Canadian commodities shipped through the United States to countries abroad aggregated $5,794,197. In the fiscal year ended June 30, 1870, the goods shipped through the United States to Canada were of the value of $16,519,637, and *from* Canada, $6,932,69[illegible]. The greater part of this *in transitu* trade is to and from Portland, Maine, over the Grand Trunk Railway, as appears in the following statement of it for 1870, made by districts:

Districts.	Received from Canada.	Shipped to Canada.
Portland	$3,223,773	$10,708,800
Vermont	3,455,740	2,562,614
Detroit	119,572	111,270
Port Huron	50,017	7,975
New York	12,093	2,861,150
Passamaquoddy, Maine	7,701	7,701
Milwaukee	2,409	.....
Boston	2,388	260,127
Total	6,932,693	16,519,637

No one will question that we find convenience and advantage in the use of Canadian channels for the passage of our commerce between the Eastern and Western States, nor that we find profit in acting as the carriers of so large a part of the commerce of Canada with the outside world. Both these arrangements of trade are of important value to this country, and its interests would suffer materially from any suspension of either; but the difference in the situation of the two countries with reference to them is very marked. To the Canadian provinces their importance is nothing less than vital, since, on the one hand, the very sustenance of the arterial system of the Canadas is derived from the American commerce which circulates through it; while, on the other hand, their own commerce with the world abroad can only be conducted at exceeding disadvantage, if at all, for five months of the year, otherwise than across the territory of the United States, and by the privilege of the customs regulations of the American Government. The contemplation of such a state of facts must make it a very serious question to the Canadian people whether they can afford to let their relations with the United States remain in a precarious state, subject to disturbance by causes that are totally foreign to themselves.

CANADIAN AND AMERICAN TARIFF POLICIES.

The proposed arrangement of a commercial union, or zollverein, with no tariff between the States and the independent provinces that become parties to it, and a common tariff for all outside trade—dividing the common revenue collected from customs duties upon equitable terms—is an arrangement which would place the provinces in the utmost security of interested relationship with this country, and which, beyond all question, would yield great advantage and profit to both people. There are obstacles and apparent objections, to be sure, in the way of such an arrangement, but they are less serious in the reality than in the appearance. The objection raised, on the other side, upon the score of the wide difference that has existed of late years between the tariff policy of the United States and the tariff policy of the Dominion, is an objection which a few years more seem likely to remove, in any event. While the tendency in this country is toward a moderation of the extreme protection duties that were caused by the necessities of the war, the tendency in Canada, with reference to duties, is a steadily advancing one. Opinions favorable to a pronounced policy of protection are manifestly gaining very decided strength in the Dominion, and some, at least, of the prominent public men now in office, including the premier of one of the provinces, are among their advocates. Within the last year, the Congress of the United States reduced and abolished duties in the American tariff, estimated at the sum of $26,000,000 per annum, while the parliament of the Dominion, at its corresponding session, made considerable

additions to the Canadian tariff. Within the past twelve years the average rate of the Canadian tariff has at least doubled. In the last fiscal year, the duties collected in the Dominion amounted to 21 per cent. on the dutiable commodities imported. In the same year, it is true, the duties collected in the United States averaged 46 per cent. on the dutiable commodities imported, but the current fiscal year will probably show a falling of the latter rate to less than 40 per cent. and an advance in the former rate to perhaps 23 or 24 per cent. The wide difference by which the two countries have been apart in their tariff policy is certainly destined to disappear in no very long time, whatever their relations to each other may be.

CANADA AS A "CHEAP COUNTRY."

It was remarked not long since, by a prominent Canadian gentleman, that the policy of the Dominion was to make a cheap country. That policy has undoubtedly been successful in realizing its object; but whether "cheapness," as an ultimate end, is a wisely-chosen object of public policy may be questioned.

WAGES AND THE COST OF LIVING.

To ascertain how labor stands affected by the cheapness that prevails among our northern neighbors, I have procured a representative statement of wages and of the prices of articles that enter most into the cost of living, taken at several points in Ontario, in the two chief towns of New Brunswick, and in the city of Quebec. The mean average between the four points represented in Ontario is, I think, a fair one for that province, which is by far the most active and prosperous section of the Dominion; that between the two towns reported from in New Brunswick is, no doubt, something above the general average of wages, and, possibly, of prices, in the province. How nearly the summer average of wages in the city of Quebec represents the same in the province of Quebec I am not now able to say, though it is certainly indicative of the prevailing state of industry.

These figures are placed, below, in comparison with similar figures representing the mean average of wages and prices in the States of New York and Maine, the latter of which are derived from the elaborate tables upon the subject compiled and published within the past year by the Bureau of Statistics at Washington. The New York and Maine report is for the year 1869, while the Canadian statement presents the average prices of labor and of commodities that prevailed during the summer of 1870; but, so far as the difference in time affects the accuracy of the comparison, it is rather to the advantage of the Canadian side, since prices in the United States have declined to some extent during the year past.

Wages in Ontario, in New Brunswick, and in the city of Quebec, during the summer of 1870, compared with wages in New York and in Maine, during the year 1869.

Province of New

Province of Ontario.

Wages in Ontario, in New Brunswick, and in the city of Quebec, during the summer of 1870, compared with wages in New York and in Maine, during the year 1869.

Occupations.	Province of Ontario.				Province of New Brunswick.			City of Quebec, 1870.	United States.		Ratios.			
	Ottawa City.	Hamilton.	Brantford.	Chatham.	Average in Ontario, 1870.	St. John's.	Fredericton.	Average in N. Brunswick, 1870.		Average in New York, 1869.	Average in Maine, 1869.	Ratio of wages in Ontario to wages in New York.	Ratio of wages in New Brunswick to wages in Maine.	Ratio of wages in city of Que. bec to wages in New York.
Blacksmith ..... daily	$2 00	$1 75	$1 50	$1 75	$1 75	$1 50	$1 37½	$1 44	$1 25	$2 74	$2 79	1 to 1.57	1 to 1.94	1 to 2.19
Bricklayers or masons ..... daily	2 50	2 25	2 25	2 00	2 37½	2 50	1 37½	1 94	1 62½	3 50	3 50	1 to 1.47	1 to 1.73	1 to 2.15
Carpenters ..... daily	2 00	1 75	1 75	1 75	1 81	1 75	1 50	1 62½	1 00	2 97	2 76	1 to 1.64	1 to 1.69	1 to 2.97
Painters ..... daily	1 75	1 62½	1 50	1 62½	1 62½	1 70	1 50	1 60	1 25	2 94	2 73	1 to 1.81	1 to 1.70	1 to 2.34
Plasterers ..... daily	2 25	2 25	2 25	2 00	2 19	2 50	1 50	2 00	1 12½	3 60	3 50	1 to 1.64	1 to 1.75	1 to 3.20
Shoemakers ..... daily	1 50	1 25	1 25	1 25	1 31	1 00	1 37½	1 19	90	2 38	2 36	1 to 1.81	1 to 1.98	1 to 2.64
Tailors ..... daily			1 50	1 12	1 31	1 50	1 37½	1 44	1 12½	2 47	2 34	1 to 1.88	1 to 1.81	1 to 2.19
Wheelwrights ..... daily	2 50		2 50	1 75	2 25	1 50	1 17	1 34	1 50	2 97	2 34	1 to 1.32	1 to 1.75	1 to 1.98
Ordinary farm laborers . per month, with board	12 00	12 00	15 00	15 00	13 50	12 00	12 50	12 25	9 00	18 34	21 00	1 to 1.36	1 to 1.71	1 to 2.04
Other common laborers . per day, without board	1 00	1 00	1 00	1 00	1 00	.....	.....	.....	90	1 90	1 61	1 to 1.90	.....	1 to 2.11
Female servants ..... per month, with board	6 00	6 00	5 00	5 00	5 50	6 00	4 50	5 25	.....	9 75	.....	1 to 1.77	.....	.....

Mean ratio of wages in Ontario to wages in New York, in employments named above ..... 1 to 1.65
Mean ratio of wages in New Brunswick to wages in Maine, in employments named above ..... 1 to 1.78
Mean ratio of wages in city of Quebec to wages in New York, in employments named above ..... 1 to 2.38

If we reduce the wages paid in the United States to their equivalent i the currency with which Canadian workmen were paid, by calculation o the current premium on gold in 1869, (which averaged about 32 per cent. we shall find that wages in New York average 25 per cent. more in thei gold value than wages in Ontario, and 80 per cent. more than in th city of Quebec, and that the gold value of wages in Maine is 35 per cen greater than in New Brunswick.

But the fairer comparison of the earnings of labor in the two cou tries is to ascertain the purchasing value of each, or their ratio in eac country to the cost of living. This we do in the table subjoined, whic exhibits the prices of the principal articles of common consumptio and the ordinary rates of board and house rent, in the same localitie that are cited in the foregoing table, and for the same periods of time:

Prices in Quebec, in New Brunswick, and in the city of Quebec, during the summer of 1870, compared with prices in New York and in Maine during the year 1869.

Prices in Ontario, in New Brunswick, and in the city of Quebec, during the summer of 1870, compared with prices in New York and in Maine during the year 1869.

Articles.		Province of Ontario.					Province of New Brunswick.			City of Quebec, 1870.	United States.		Ratios.		
		Ottowa City.	Hamilton.	Brantford.	Chatham.	Average in Ontario, 1870.	St. John's.	Fredericktown.	Average in New Brunswick, 1870.		Average in New York, 1869.	Average in Maine, 1869.	Ratio of prices in Ontario to prices in New York.	Ratio of prices in N. Brunswick to prices in Maine.	Ratio of prices in city of Quebec to prices in New York.
PROVISIONS.															
Flour, wheat, superfine	per barrel	$6 12½	$6 00	$6 50		$6 21	$6 50	$6 25	$6 37½	$6 00	$7 85	$9 15	1 to 1.26	1 to 1.43	1 to 1.31
Corn meal	do.	4 50		4 00	$4 00	4 17	4 75	5 00	4 87½	4 50	3 65	2 38	1 to 0.87	1 to 0.49	1 to 0.81
Beef, fresh, roasting pieces	per pound	07	10	10	09	09	12	10	11	10	09	14	1 to 2.11	1 to 1.27	1 to 1.90
soup pieces	do.	05	06¾	06	06	06	08	08	08	06¾	09	06	1 to 1.50	1 to 0.75	1 to 1.38
rump steaks	do.	10	06		09	08	12	10	11	10	20	23	1 to 2.40	1 to 2.09	1 to 1.81
Corned beef	do.	07½	08	08	06	07½	10	10	10	10	14	13	1 to 1.87	1 to 1.30	1 to 1.40
Veal, fore-quarters	do.	05	06	07	05	06	06	04	05	05¾	13	10	1 to 2.16	1 to 2.00	1 to 1.53
hind-quarters	do.	07			06	06½	08	05	06½	10	16	11	1 to 2.46	1 to 1.69	1 to 1.60
Mutton, fore-quarters	do.	05½	06	05	06	05½	06	05	05½	08	12	09	1 to 2.18	1 to 1.63	1 to 1.50
legs	do.	07	07	06	09	07	09	07	08	10	16	11	1 to 2.21	1 to 1.37	1 to 1.60
chops	do.	08	10	08	09	08¾	09	07	08	10	17	12	1 to 1.84	1 to 1.50	1 to 1.70
Pork, fresh	do.	07½	12½	06¾	10	09	07½	12	09¾	11	18	16	1 to 2.00	1 to 1.64	1 to 1.63
corned and salted	do.	09½		11	14	11½	12	14	13	13	19	22	1 to 1.65	1 to 1.69	1 to 1.46
Bacon	do.	17	16	12½	16	15	14	15	14½	16	22	13	1 to 1.47	1 to 1.51	1 to 1.37
Hams, smoked	do.	17	17	15	17	16½	14	15	14½	17	24	21	1 to 1.45	1 to 1.45	1 to 1.41
Shoulders	do.	15	14	12	12½	13½	12	14	13	14	19	18	1 to 1.41	1 to 1.38	1 to 1.36
Lard	do.	13	15	15	16	15	16	16	16	20	24	24	1 to 1.60	1 to 1.50	1 to 1.20
Codfish, dry	do.		07	07	07	07	04	05	04½	06	09	08	1 to 2.00	1 to 1.28	1 to 1.50
Mackerel, pickled	do.		12½	08	08	09½				10	15	13	1 to 1.58	1 to 1.78	1 to 1.50
Butter	do.	18	20	20	18	19	24	24	24	20	42	43	1 to 2.20	1 to 1.79	1 to 2.10
Cheese	do.	13	15	15	14	14	18	20	19	15	20	21	1 to 1.43	1 to 1.10	1 to 1.33
Potatoes	per bushel	35	40	35	50	40	50	40	45	20	54	14	1 to 1.50	1 to 1.30	1 to 3.00
Rice	per pound	04	05	06	05	05	06	06	06	05	13	13	1 to 2.60	1 to 2.16	1 to 2.60
Milk	per quart.	03½	05	05	05	04½	06	07	06½	06	08	07	1 to 1.78	1 to 1.04	1 to 1.33
Eggs	per dozen	12	22	25	12½	18	20	22	21	22	31	28	1 to 1.72	1 to 1.33	1 to 1.41
GROCERIES.															
Tea	per pound		1 00	62½	75	79	50	50	50	65	1 32	1 00	1 to 1.42	1 to 2.00	1 to 1.73
Coffee, Rio, green	do.	27	30	20	25	25½	25	27	26	20	29	27	1 to 1.14	1 to 1.04	1 to 1.45
roasted	do.	31	35	25	30	30	28	27	27½	30	33	34	1 to 1.10	1 to 1.23	1 to 1.10
Sugar, good brown	do.	07½	11	10	10	09½	09	10	09½	10	15	15	1 to 1.58	1 to 1.58	1 to 1.50

Prices in Ontario, in New Brunswick, and in the city of Quebec, during the summer of 1870, *compared with prices in New York, &c.*—Continued.

Articles.	Province of Ontario.					Province of New Brunswick.			City of Quebec, 1870.	United States.		Ratios.		
	Ottowa City.	Hamilton.	Brantford.	Chatham.	Average in Ontario, 1870.	St. John's.	Fredericton.	Average in New Brunswick, 1870.		Average in New York, 1869.	Average in Maine, 1869.	Ratio of prices in Ontario to prices in New York.	Ratio of prices in N. Brunswick to prices in Maine.	Ratio of prices in city of Quebec to prices in New York.
GROCERIES—Continued.														
Sugar, yellow, "C."....per pound..	$0 08	$0 12½	$0 11	$0 11	$0 11	$0 11	$0 11	$0 11	$0 11	$0 16	$0 15	1 to 1.45	1 to 1.36	1 to 1.45
Coffee, "B."....do.....	.....	10	12	11	11	12	13	12½	12½	17	17	1 to 1.55	1 to 1.36	1 to 1.36
Sirup....per gallon..	60	1 00	75	75	77½	95	1 00	97½	75	1 18	1 00	1 to 1.52	1 to 1.02	1 to 1.57
Soap, common....per pound..	04	06	07	10	07	09	09	09	07	12	12	1 to 1.71	1 to 1.33	1 to 1.71
Starch....do.....	07	12½	12½	12½	11	16	18	17	11	13	16	1 to 1.18	1 to 0.94	1 to 1.18
FUEL.														
Coal....per ton..	6 00	7 50	8 00	7 00	7 12½	5 50	6 00	5 75	8 50	8 10	11 20	1 to 1.14	1 to 1.95	1 to 0.95
Wood, hard....per cord..	3 50	6 00	5 00	2 50	4 25	5 25	3 50	4 37½	4 25	6 30	6 00	1 to 1.48	1 to 1.37	1 to 1.48
soft....do.....	1 50	3 00	3 00	1 75	2 31	3 00	2 00	2 50	3 00	4 12	3 15	1 to 1.78	1 to 1.26	1 to 1.37
LIGHT.														
Oil, coal....per gallon..	40	25	30	30	31	40	50	45	40	46	49	1 to 1.48	1 to 1.09	1 to 1.15
DOMESTIC DRY GOODS.														
Shirtings, brown, 4-4, standard quality....per yard..	10	11	12½	10	11	11	18	14½	15	18	17	1 to 1.64	1 to 1.17	1 to 1.20
bleached, 4-4, standard quality....do.....	12½	15	12½	13	13	18	21	19½	18	20	17	1 to 1.54	1 to 0.87	1 to 1.11
Sheetings, brown, 9-8, standard quality....do.....	19	28	.....	25	24	28	.....	28	40	21	16	1 to 0.87	1 to 0.57	1 to 0.52
bleached, 9-8, standard quality....do.....	24	50	.....	50	41	50	50	50	50	28	21	1 to 0.68	1 to 0.42	1 to 0.56
Cotton flannel....do.....	17	19	22	16	18½	22	.....	22	31	28	25	1 to 1.51	1 to 1.14	1 to 0.99
Ticking, good quality, wide....do.....	26	23	33	20	25½	28	30	29	26	34	33	1 to 1.14	1 to 1.14	1 to 1.31
Prints....do.....	11	.....	.....	12½	12	15	18	16½	.....	11	14	1 to 0.91	1 to 0.85	.....
Satinets and tweeds, medium quality....do.....	.....	80	50	70	67	55	.....	55	.....	67	70	1 to 1.00	1 to 1.27	.....
Boots, men's heavy....per pair..	2 75	.....	.....	4 00	3 37½	.....	3 75	.....	4 00	4 40	4 83	1 to 1.30	.....	1 to 1.10
HOUSE-RENT.														
Four-room tenements....per month..	2 50	5 00	4 00	5 00	4 12½	2 00	4 50	3 75	.....	8 40	4 45	1 to 2.04	1 to 1.19	.....
Six-room tenements....do.....	4 00	8 00	6 00	8 00	6 50	3 00	5 50	4 25	.....	11 20	6 45	1 to 1.72	1 to 1.52	.....
BOARD.														
For men....per week..	3 00	3 00	3 00	3 00	3 00	4 00	3 25	3 62½	3 00	4 50	3 72	1 to 1.50	1 to 1.03	1 to 1.50
For women....do.....	2 00	2 50	2 50	2 00	3 25	.....	.....	.....	.....	3 50	2 70	1 to 1.55	.....	.....

Mean ratio of prices in Ontario to prices in New York, from the list of articles named above..... 1 to 1.58.
Mean ratio of prices in New Brunswick to prices in Maine, from the list of articles named above..... 1 to 1.42.

| | | |

lent to about $71,000,000 in gold; and the latest published returns from the savings banks in all the New England States show as follows:

Massachusetts	$112, 119, 0
Connecticut	47, 904, 8
Rhode Island	27, 067, 0
Maine	10, 490, 3
New Hampshire	18, 759, 4
Vermont	2, 037, 9
Total New England	218, 378, 6

ACCUMULATED WEALTH.

Statistics from which to calculate the actual wealth of the province are not at present attainable. Even the assessed valuation of real and personal property for purposes of taxation I have been able to procure only for Ontario, and there no later than 1867. The comparison of property, as assessed in Canada and the United States, must be a tolerably just one, since the under-valuation cannot be far from alike in both cases. Ontario is by far the wealthiest of all the provinces, both actually and proportionately, and its official statement of the assessed value of real and personal property for three years is as follows:

Years.	Assessed value of real estate.	Assessed value of personal property.	Total.
1865	$232, 782, 016	$25, 357, 829	$258, 139, 8
1866	238, 201, 657	26, 295, 087	264, 496, 7
1867*	212, 888, 435	23, 963, 077	236, 851, 5

* The fact that the assessed values of property were lowered to the extent of $28,000,000 the year following the abrogation of the reciprocity treaty is certainly not without significance.

In Massachusetts, with not more than seventy per cent. of the population of Ontario and twenty per cent. of its occupied territory, the assessed valuation of real and personal property in the same three years was as follows:

Year.	Assessed value of personal property.	Assessed value of real estate.	Total.
1865	$386, 079, 955	$605, 761, 946	$991, 841, 9
1866	430, 272, 298	651, 043, 703	1, 081, 316, 0
1867	457, 728, 296	708, 165, 117	1, 165, 893, 4

These of course are valuations in a depreciated currency. In 1867 the average premium on gold was thirty-nine per cent. Reduced by that, the assessed valuation of property in Massachusetts was $838,772,239 in gold, or about $655 per capita, against $236,851,512, or about $131 per capita in Ontario.

In Ohio the assessed valuation of real and personal property, in 1867, was $1,143,461,386, or $816,758,132 in gold, equivalent to about $3 per capita. Taking the Northern States of the Union together, they undoubtedly exhibit on the average more than double the value of property per capita that is shown in Ontario, where the proportionate value of property must largely exceed that in Quebec or in the maritime provinces.

BANKING CAPITAL AND CIRCULATION.

The capital employed in banking amounts to but $32,753,242 in the entire Dominion, of which $30,363,842 is in Ontario and Quebec, $2,060,400 in Nova Scotia, and $329,400 in New Brunswick. An active, vigorous, and enterprising state of business in so large a community of people is clearly impossible with that limited sum of capital in banking—a sum equal to but about $8 per capita. In the nineteen States north of the Potomac and the Ohio and east of the Missouri, with a population of about 26,000,000 people, there is a capital of $418,000,000 in national banks alone, or $16 per capita, besides the capital of banks still doing business under State charters, which amounts to $15,000,000 in the one State of New York. In the New England States the national bank capital is $37 per capita, and in New York the total capital in chartered banking is $28 per head.

The currency in circulation, bank notes, and Dominion treasury notes, has rapidly swelled within the past year, from $15,982,165 on the 1st of January, 1870, in Ontario and Quebec, to $25,514,169 in the same provinces on the 1st of October last. At the first-named sum—less than $5 per capita—the money in use (making full allowance for gold and silver in circulation) was as much too restricted for an energetic state of business as the inflated volume of currency in the United States is too stimulating. The process of inflation that has commenced so rapidly in the Dominion, however, bids fair in the end to more than remove all contrast in that particular.

PUBLIC DEBT.

On the 30th of April, 1870, according to a statement from the auditor general, the public debt of the Dominion, deducting cash and banking accounts, was $99,584,807. Apparently, however, this statement did not include the outstanding Dominion treasury notes in circulation, of which $7,450,334 had been issued in October last. Relatively to population, this debt of the Dominion, amounting to about $26 per capita, appears trifling in comparison with the debt of the United States; but relatively to the wealth of the two countries, their resources, and energies, it may be questioned, from the indications heretofore given, whether the disparity of the burden of debt is so great as many in the provinces imagine. Whatever the disparity may be, it will certainly disappear in the accomplishment of the policy of expenditure which the government of the Dominion has laid out, with reference to political necessities that grow wholly out of an anomalous situation—such, for example, as the building of the Intercolonial Railway and the projected railway across the continent to British Columbia, parallel with the line of the American Northern Pacific, to neither of which undertakings does the commerce of the continent offer any encouragement.

IMMIGRATION AND EMIGRATION.

If no other facts existed to show that the conditions of life in the Dominion of Canada, with its cheapness and its lighter taxes, as compared with the United States, are not conditions to be intelligently preferred by those who are free to choose, the facts of immigration and emigration show it strikingly.

Out of 74,365 foreign immigrants to the New World, who landed at Canadian ports in 1869, only 18,360 paused to seek homes in the Dominion, and 57,202 passed on to our Western States. In 1868 the number

reported as making a settlement in the Dominion was but 12,765, again
58,683 going through to the United States. For the year just close
the statistics of immigration into the Dominion at large are not yet a
tainable. Within a few days, however, the Ontario Commissioner
Agriculture, who has charge of immigration, has published his repo
from which it appears that the measures adopted in that province
attract settlers from Great Britain, and to assist their removal, ha
largely increased the arrivals in Ontario during the past twelve month
The commissioner reports the number for the year ending December
1870, at 25,290. Although to a great extent this does not represent
natural movement of immigration, but is the result of systematic effo
that are being made in England by various societies to deport some
the more suffering classes of the poor population of that country, st
so far as concerns Ontario, it produces a considerable change in the fa
heretofore existing. But if Ontario is making some gain of populati
from foreign immigration, that province, in this as in most matters, is
favored exception. Without much reasonable doubt the other provinc
and especially Quebec, are steadily losing more by emigration to t
United States than they gain by immigration from abroad.

I am indebted to Mr. Young, Chief of the Bureau of Statistics, for th
following statement, compiled from returns made of immigrants arrivi
in the United States from the British North American possessions f
eleven years past:

Years.	Number.	Years.	Numb
1860	4,514	1867	6,
1861	2,069	1868	10,
1862	3,275	1869	30,
1863	3,464	1870	40,
1864	3,636		
1865	21,586	Total	158,
1866	32,150		

But these are more than doubtful statistics; nor does it appear po
sible to secure any trustworthy enumeration of the persons who co
into the United States from the British provinces with intent to ma
this country their home. The figures given above are obtained, I b
lieve, from returns made by the officers of customs, in connection wit
the entering of household goods, which are admitted free as "settle
effects." If exact to that extent, they would only represent the class
immigrants who come with families and household effects, wholly om
ting the perhaps larger class of young men from the provinces wh
seek their fortunes in the United States, and who, as they cross th
frontier, are in no way to be distinguished from ordinary travele
But even for what they purport to exhibit, I fear that our statistics
provincial emigration are not to be trusted. I have reason to kn
that *some* of the returns of immigration from frontier crossing poi
are almost entirely, if not wholly, founded upon careless guessing
the part of railway agents and clerks, as to the number of persons lik
to have accompanied a given quantity of "settlers' effects." Perha
these are exceptional cases, but more probably not, since there is no
ing to compel the taking of the trouble which accuracy would requi
It is possible, too, that the aggregate result of such estimating may
not far from the true fact, but that is a matter of no certainty.

As for the large class of immigrants of whom no account can possib
be taken when they cross the frontier, Mr. Young, who has been gat

* 39 M.

12,765, again
ar just close
are not yet a
ommissioner
ed his repo
t province
removal, ha
welve month
December
ot represen
tematic effo
eport some
country, st
nge in the fa
of populati
st matters, is
ther provinc
gration to t
d.
atistics, for t
rrants arrivi
ossessions f

Numb	
	6,
	10,
	30,
	40,
	158,

t appear po
ns who co
ntent to mak
btained, I b
nnection wi
e as "settle
t the class
, wholly om
rovinces wh
ey cross th
ary travele
statistics
son to kno
ossing poi
s guessing
persons like
s." Perha
There is not
ould requi
ating may
inty.
t can possib
s been gat

ering information on the subject, thinks they may be safely estimated at 10,000 for the past year.

All definite statements, however, with regard to this emigration from the provinces must be made and received with considerable doubt. It can only be said with certainty (and that no one at all acquainted with the facts will dispute) that the annual movement from the Canadas and from the maritime provinces to the United States is very large. The Dominion suffers in no respect more seriously than in the loss of the enterprising young men who are being constantly enticed away from it to seek wider opportunities in the United States than their own country affords; some of them to return after a time, but the greater part to establish permanent ties and make permanent homes in "the States." Such are to be found everywhere in the Union, and no adopted element in the American population contributes more to its stock of energy or is of greater value. During the late war many thousands of Canadian young men volunteered in the Union army and shared our national struggle with us, the larger proportion of the survivors of whom are probably citizens to-day under the government for which they fought.

From the province of Quebec, where the circumstances of the general population are growing less prosperous rather than improving, emigration across the line into New England and elsewhere has assumed such proportions within the past two or three years as to become a very serious subject of discussion in the journals of the province. It is exceedingly unfortunate that we have no trustworthy data from which to calculate its extent. There are two migratory movements from Quebec, one periodical and temporary, the other permanent. Large numbers of the French Canadian laborers and small farmers leave their homes on the approach of winter, cross to the United States, find winter employment here, some even in the Southern States, and return to their homes again in the spring. How this number compares with those who permanently remove themselves to the United States it is impossible to say. That the latter have greatly multiplied during late years we know, from the importance which the French Canadian element is assuming among the operatives in the New England factories, and from what is acknowledged by observers in Quebec. Intelligent French Canadian gentlemen in that province estimate that there are already more of their race in the United States than at home. Said one of the daily newspapers of Montreal in October last: "Statistics tell us, and one who has traveled in the United States will confirm the fact, that we annually suffer a heavier loss through native persons leaving the country than the total figure of the immigration returns. There are, at a low computation, half a million native-born Canadians now domiciled in the United States. They are established in the republic, not because they prefer that form of government, but because the spirit of enterprise seemed to have died out on this soil, and there was no field opened to skilled industry." The same newspaper, in an article a few weeks previous, had stated the fact that "our farmers realize very little more for their hay and oats than they did thirty years since, and the consequences are that farm lands *are declining in value in the provinces*." Perhaps. The returns, minus the labor, are smaller; the margin of profit is not remaining to the farmer at the end of the year, after paying and feeding men, is less." It was said in a public address by one of the prominent public men of the province of Quebec a little more than a year ago: "The emigration of common laborers to the States is something actually alarming; and it could not be otherwise, for our water-powers are neglected, our mines are closed, and we have no means of furnishing

employment to our people." Within a few weeks past, to cite one n
authority, the leading newspaper of the city of Quebec, the D
Chronicle, made the following statement, which has a two-fold sig
cance: "Unfortunately it is a truism, and requires no demonstrat
that ship-building, formerly the main industry of Quebec, has alm
ceased to exist, and that consequently our laboring population, the v
bone and sinew of the body politic, were commencing to seek in
adjoining republic that employment which was no longer to be fo
here. Too many, indeed, already, we fear, have removed permane
from our province."

General evidence of the magnitude of the emigration that goes from the Dominion to the United States is abundant, though the statis to represent it in defined numbers, with tolerable exactness, are lack What is true of Quebec is undoubtedly true to not much less exten Nova Scotia and New Brunswick, and if Ontario does not lose pop tion in equal numbers it loses very considerably from a class wh young blood is the life force of a country. Against these losses ther no equal offset or exchange. Emigration from the United States to provinces is limited, though valuable to the latter, because chiefly fined to men who go there with a definite enterprise in view, and erally with capital, to engage in lumbering, or mining, or salt mak or oil producing, or general speculation and trade. Under different ditions, the number of these would unquestionably be multiplied very great extent.

PARTIAL PROSPERITY IN THE DOMINION.

I hope I shall not be accused of having labored to make a represe tion of circumstances unfavorable to our northern neighbors. I give facts as I have found them, in seeking, without preconceived notion ascertain the relative situation of affairs in the two countries, which came, as I have viewed it, a necessary part of the subject submitte me for investigation. I group these facts here to show, as I think t do show, that if that which appears to be the only practicable arra ment under which a natural state of trade between the United St and the British provinces can be established, involves a change in conditions that prevail within the latter, assimilating them to the ditions existing in the United States, the change cannot be one to detriment of the people of the provinces, and cannot form a forbidd obstacle to the arrangement.

I know and I do not contradict the claim to prosperity tha asserted in considerable portions of the Dominion. Prosperity, upon moderate scale to which everything is adjusted in the provinces, exist throughout most of Ontario, in the city of Montreal, and in sev small manufacturing towns that have grown up in the lower provin a degree of prosperity quite in contrast with the aspect of affairs, erally speaking, in Quebec, and for the most part prevailing in the m time provinces. The people of Ontario are very comfortable; man the towns show more life than they formerly did, are adding to t industries, and are slowly growing. One branch of manufacture, woolen manufacture, has obtained quite a root, and has risen to con erable magnitude within a few years past; so much so as to dimi the importation of woolens nearly a million of dollars in 1869 from importation of 1868. In railway enterprise there is a noticeable st life, stimulated in great part by the American transit trade, tho

partly directed toward the development of the "back settlements" of Ontario.

COMMERCIAL GROWTH OF MONTREAL.

But nowhere and in nothing else is the display of really energetic forces equal to that at Montreal. The city of Montreal has certainly made an astonishing advance in commercial importance within the last few years. The conspicuous feature, and, perhaps, the conspicuous cause connected with its commercial rise, has been the establishment and remarkable success of the splendid line of ocean steamers which single Canadian firm has placed afloat, connecting Montreal with both Liverpool and Glasgow by regular direct lines. Commencing in 1856 with four steamers and a capacity of 6,536 tons, this great fleet of the Messrs. Allan & Co. now numbers eighteen steam vessels, among the finest on the seas, with a total capacity exceeding 42,000 tons. The rise of this flourishing Canadian mercantile steam navy is a more notable fact by reason of its contrast with the decline of the ocean steam shipping of the United States.

DIVERSION OF AMERICAN GRAIN TRADE.

Perhaps it is owing chiefly to the organization of operations in commerce incident to the effect of the establishment of such lines of foreign connection, that Montreal began, two years ago, to accomplish a powerful diversion of the movement of our Western cereals away from New York. The very extensive sudden transition, particularly in the movement of wheat, which occurred in 1869, claims serious attention.

It appears in the following statement of flour and grain passing through the Welland Canal, from Lake Erie to Lake Ontario, the quantity stated as going "to Canada" being almost wholly destined for Montreal:

Quantities of flour and grain passing into Canada from the United States; also quantities in transit to ports in the United States during four years past.

Year.	FLOUR.		WHEAT.		INDIAN CORN.		OTHER GRAIN.	
	To Canada.	Transit to United States.	To Canada.	Transit to United States.	To Canada.	Transit to United States.	To Canada.	Transit to United States.
	Barrels.	*Barrels.*	*Bushels.*	*Bushels.*	*Bushels.*	*Bushels.*	*Bushels.*	*Bushels.*
.....	8,102	866,314	14,963	5,032,071	488,401	4,250,232	26,168	20,425
.....	4,401	1,073,686	23,804	5,148,714	295,726	5,448,144	3,128	223,719
.....	63,546	1,455,947	87,223	7,151,612	526,731	5,680,996	18,502	865,020
.....	105,963	1,306,054	5,458,692	7,996,233	1,186,947	7,024,835	65,835	1,248,470

The statement for the last season I have not yet been able to procure, but there is reason to believe that the proportion taken to Montreal, compared with that passing to Oswego, Ogdensburg, and Cape Vincent, for shipment by canal and rail to New York and Boston, has increased rather than diminished.

But, noticeable as the commercial progress made by Montreal during the few years past may appear, it obviously has not placed her, and gives no promise of placing her, at the height of importance which naturally belongs to the chief port of the great St. Lawrence outlet. For Montreal

occupies a position where, under conditions of equal rivalry with N... York, Philadelphia, Boston, and Baltimore, there would unquestionab... have risen, to-day, a great metropolis of not less than half a milli... souls, instead of a thriving city of one hundred and forty or fifty th... sand people.

FAVORING CIRCUMSTANCES.

The moderate degree of prosperity that exists in the most favo... section of the Dominion affords evidence, not to be disputed, in pr... that the Canadian people suffered less from the abrogation of t... reciprocity treaty in 1866 than they apprehended or than others ... pected. The expiration of the treaty happened at a most fortuna... time for them, when several circumstances combined to break the eff... of the suspension of free trade. The state of business in this count... was just beginning to settle into composure after the upheaval and d... turbance of the civil war. During the war, and for some time after... the exaggerated and incalculably fluctuating premium placed upon g... by the mad gambling that was rife, deprived our currency to some ... tent of its due purchasing power in the Canadian market, and int... duced so much daily and hourly uncertainty of exchangeable valu... between American and Canadian money, that transactions in t... Canadian markets by American purchasers were made difficult a... hazardous. This had interfered seriously with the selling of Canadi... products to the United States during the last half of the free trade peri... and when, otherwise, the marketing of those products in the Unit... States would have been enormously stimulated. At times it had ... doubt formed more of an obstruction to trade from the provinces th... the duties since imposed have formed. But the one obstruction, of a fl... tuating and uncertain purchasing medium, was disappearing, when t... other obstruction, of revived customs duties, arose, and it is cl... enough that the immediate commercial effects of the latter occurre... were very considerably neutralized by the former; so that the people... the provinces did not feel the sudden loss of free trade with the Unit... States as they otherwise would have done. Moreover, the South... States began about the same time to become purchasers again of lumb... fish, &c., from the provinces, which, for five years before, had had th... part of their American trade entirely cut off. These circumstan... account, I think, for the otherwise singular appearance of the fact th... our importations from the provinces have rather increased, on t... average, than declined since the termination of the reciprocity treat...

LUMBER AND BARLEY.

Referring to the comparative table heretofore given, which shows t... extent of our annual importation of several of the chief staples of Can... dian production, we find that the two articles of lumber and barley t... gether formed one-third of the entire purchases of the United Stat... from the Dominion in 1869, and that these two articles, more than a... others, have exhibited a total indifference to the terms upon which th... are admitted to the United States. In both cases the undoubted fa... is, that this country has need of the foreign supply. The sources of o... own lumber supply are rapidly receding from the great markets in whi... it is consumed, and are rapidly being exhausted. Every year is maki... it more a necessity that the Eastern and Middle States should buy lu... ber and timber from the provinces. Under such circumstances, and ... view of the fact that this country would seem to have more interest ...

the conservation of its fast-disappearing forests than in the encouragement of their consumption, it may be well to consider, without reference to the general question of reciprocal policy, whether it is not due to American consumers that the present high duty of 20 per cent. on Canadian lumber should be modified, taking another step in the direction which was taken at the last session of Congress, when the duties on saw-logs and ship-timber were removed. Much the same considerations apply to the article of barley, for which the consumers in this country are, to a considerable extent, dependent upon a country whose climate and soil are better adapted than most of our own territory to its production.

TRADE WITH THE NON-CONFEDERATED PROVINCES.

With this imperfect discussion of them, I submit the main facts which I have collected. Within the time allotted to my inquiry I have been unable to extend it, except very superficially, beyond the provinces embraced in the Dominion of Canada.

Our trade with the three provinces of Newfoundland, (including Cape Breton,) Prince Edward's Island, and British Columbia, which remain outside the confederation of the Dominion, (although British Columbia seems to be at the point of becoming joined with it,) is represented for the last two years in the reports of Commerce and Navigation, compiled in the United States Bureau of Statistics, as follows:

	1869.	1870.
Imports	$1,737,304	$1,581,959
Domestic exports	2,703,173	3,204,668
Foreign reëxports	446,664	347,360

Relatively to its extent, this trade appears much more favorable to the United States than our trade with the Dominion, and relatively to their population and commerce the non-confederated provinces are far the better customers of this country. The subject of our relations with them, moreover, is made the more interesting and important by reason of the unwillingness that their people manifest to attach themselves to the British colonial confederation, and it claims an examination which I regret that I have not been able to give to it.

In the United States official statistics of late years, only a distinction between the "Dominion of Canada" and "all other British possessions in North America" is made, so that our trade transactions with the several provinces cannot be discriminated. Attempting to procure returns from the several customs districts with such a discrimination made, I succeeded but partially, and with a result too imperfect for use, except in one or two particulars.

NEWFOUNDLAND AND PRINCE EDWARD'S ISLAND.

Out of twenty-eight collection districts from which I have been furnished with statistics relating to the last fiscal year, only five report transactions with Newfoundland and Prince Edward's Island, as follows:

Imports in certain districts from Newfoundland, Cape Breton, and Prince Edward's Isla during the fiscal year ended June 30, 1870.

Districts.	Products of the forests.	Products of agriculture.	Products of the mines.	Animals and their products.	Products of the fisheries.	Miscellaneous.	Total.
Boston	$621	$21,767	$1,537	$41,167	$79,073	$10,431	$154,
New York	372	5,877	121,520	.....	81,372	5,447	214,
Providence, R. I	.....	.....	2,530	.....	.....	.....	2,
New Bedford, Mass	.....	.....	.....	.....	29,096	.....	29,
Total	993	27,644	125,587	41,167	189,541	15,878	400,

Domestic exports from certain districts to Newfoundland, Cape Breton, and Prince Edwa Island during the fiscal year ended June 30, 1870.

From Boston to Newfoundland	$299,
From Boston to Prince Edward's Island	105,
From Wilmington, N. C., (lumber to Newfoundland)	2,
From New York	1,
Total	408,

The foregoing returns no doubt represent most of the trade carri on during the past fiscal year with the insular provinces named.

MANITOBA.

Our present trade with the great central region of British Americ formerly known as the Red River country, but now politically organize and incorporated with the Dominion of Canada, under the name of t province of Manitoba, is imperfectly shown by the following statemen which is furnished to me by the collector of customs at Pembina, Mi nesota. It exhibits for the last two fiscal years the imports entered and the exports cleared from the customs district of Minnesota, throug which the trade between the United States and the Manitoba count necessarily passes:

1869.

IMPORTS.

Imports entered for immediate consumption	$60,402
Imports entered warehouse	151,645
Total imports	212,047

EXPORTS.

Export of goods the growth, produce, and manufacture of the United States	174,913
Exports of foreign dutiable goods	14,548
Total exports	189,461

1870.

IMPORTS.

Imports entered for immediate consumption	$34,199 29
Imports entered warehouse	186,142 57
Total imports	220,341 86

EXPORTS.

Exports of domestic merchandise	152,596 00
Exports of foreign dutiable goods	20,133 47
Total exports	172,729 47

The special deputy collector at Pembina, Mr. N. E. Nelson, who furnishes this statement to me, writes that the entire amount of exports to Manitoba, through Minnesota, is not represented in it, for the reason that large quantities of domestic goods, such as tobacco, sugars, sirups, gunpowder, matches, liquors, &c., are entered for exportation in bond at other districts, free of the internal revenue tax, and, simply passing in transit through the Minnesota district, do not appear in its returns. The same is true of a large quantity of foreign goods reëxported to Manitoba. The United States imports from that province, which consist almost wholly of raw furs and buffalo robes, are probably all entered in the Minnesota district, since the large shipments made by way of Hudson's Bay go abroad.

Our present trade with that vast new region of richly productive territory in the basin of Lake Winnipeg, which the pioneer forces of civilization are just preparing to invade, is inconsiderable; but its future possibilities are beyond calculation. The time is approaching very near when it is clearly destined to give a new phase to the question of relations between this country and British North America, and when it will bring to bear upon that question the pressure of an inexorable geographical necessity, that will compel it to some solution.

CONCLUSION.

In concluding my report, it is proper that I should acknowledge the extreme courtesy with which I have been assisted in procuring information by the members of the Canadian government, and by all of its officials, as well as by those of this Government, to whom I have had occasion to apply.

Respectfully submitted.

J. N. LARNED.

Hon. GEORGE S. BOUTWELL,
Secretary of the Treasury.